

# LCQ17: Assisting small and medium enterprises in developing electronic commerce business in the Mainland

Following is a question by the Hon Martin Liao and a written reply by the Secretary for Commerce and Economic Development, Mr Algernon Yau, in the Legislative Council today (February 21):

Question:

The 2023 Policy Address has stated that the Government will establish the inter-departmental E-commerce Development Task Force to assist small and medium enterprises (SMEs) in developing electronic commerce (e-commerce) business in the Mainland, including the organisation of Hong Kong Shopping Festivals on e-commerce platforms. In this connection, will the Government inform this Council:

(1) as some Hong Kong SMEs have relayed that it is difficult to enter the Mainland e-commerce platforms, whether the authorities will strive to facilitate the commencement of exchanges and co-operation between e-commerce industry associations in the Mainland and Hong Kong enterprises and the E-Commerce Association of Hong Kong, as well as promote business negotiations and resource connections between the two parties; if so, of the details; if not, the reasons for that;

(2) as it is reported that the Government will organise Hong Kong Shopping Festivals on the Mainland e-commerce platforms, apart from products such as food, jewellery, fashion and accessories in which Hong Kong has traditional advantages, whether the Government will consider promoting emerging brands with innovative product offerings and of a smaller size, as well as organising dedicated events for them, in a bid to inject new content and vitality into Hong Kong brands; if so, of the details; if not, the reasons for that;

(3) as there are views pointing out that with the continued development of e-commerce in the Mainland, it is inevitable that product quality will vary and inferior products can hardly justify the premium pricing of e-commerce, and Hong Kong brands, with a long-standing good reputation for premier product quality, can provide Mainland consumers with better and higher quality alternatives, whether the Government will consider promoting the marks under various brand evaluation certification schemes of Hong Kong through the e-commerce platforms, with a view to enhancing the recognition of Hong Kong brands among Mainland consumers; if so, of the details; if not, the reasons for that; and

(4) as there are views pointing out that credit assessment is a major difficulty faced by cross-border e-commerce sellers in obtaining financing,

whether the authorities will consider broadening the spectrum of data available on the Commercial Data Interchange, and encouraging the development of big data-supported financial technology, so as to facilitate such sellers' access to credit assessment; if so, of the details; if not, the reasons for that?

Reply:

President,

It was announced in the 2023 Policy Address that the Commerce and Economic Development Bureau would establish the E-commerce Development Task Force. The Task Force has been established in January 2024 to explore the areas related to the development of electronic commerce (e-commerce), the impact of e-commerce on the economy as well as the development trends in the Mainland and other overseas e-commerce markets; and to co-ordinate and implement policies and measures on the development of e-commerce, with a view to assisting small and medium enterprises (SMEs) in conducting e-commerce business to expand their markets.

In consultation with the Financial Services and the Treasury Bureau and the Innovation, Technology and Industry Bureau (ITIB), the reply to the different parts of the question is as follows:

(1) The Government has liaised with local chambers of commerce and individual enterprises specifically on the issues of developing cross-border e-commerce business to understand the trade's interests in, as well as the opportunities and pain points of, developing cross-border e-commerce business. An expert group has also been established under the Task Force, comprising Legislative Council Members from different sectors and representatives in the industry, to offer advice to the Task Force and to assist the Government in keeping abreast of the market situation of e-commerce development and feedback from the trade more comprehensively.

In addition, the Hong Kong Trade Development Council (HKTDC) actively assists SMEs in joining the e-commerce business, including organising events to strengthen SMEs' understanding of e-commerce development on the Mainland. For example, in a business mission organised by the HKTDC in November 2023 to Hangzhou, 20 SME representatives visited organisations related to e-commerce development, including logistics enterprises, e-commerce platforms, live-streaming e-commerce service enterprises, e-commerce branding service companies and e-commerce live-streaming bases.

(2) The HKTDC's "Design Gallery" started its e-commerce business in 2010 with online stores on Taobao and JD International to provide channels for online promotion and sales. Since 2022, "Design Gallery", in collaboration with JD International, implements a cross-border e-commerce project to assist SMEs selling different products in tapping into the Mainland domestic market in a more convenient way by enabling the delivery of goods and collection of payments in Hong Kong.

Also, it was announced in the 2023 Policy Address that Hong Kong Shopping Festivals would be organised on e-commerce platforms. The HKTDC is liaising with different e-commerce platforms, with a view to organising the Hong Kong Shopping Festival in 2024 to enable SMEs to leverage the advantages of high traffic flow and massive customer base of these platforms to promote awareness of Hong Kong products and brands.

(3) The Trade and Industry Department assists SMEs in promoting Hong Kong brands with its various funding schemes. For example, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for non-listed enterprises to develop their brands and businesses in the Mainland and 37 other economies. It was also announced in the 2023 Policy Address the launch of "E-commerce Easy" under the BUD Fund to strengthen funding support for SMEs to leverage e-commerce to promote their products. Moreover, the SME Export Marketing Fund provides funding support for SMEs to develop their brands and businesses in Hong Kong and external markets through participating in promotion activities.

In addition, the Government notes that the trade has launched quality accreditation schemes for different products and services for the participation of Hong Kong enterprises (including online shops). It is believed that such initiatives should be conducive to consolidating and promoting brand image of Hong Kong products, as well as assisting enterprises in tapping into the Mainland domestic market through, among others, e-commerce.

(4) In order to facilitate banks' assessment of cross-boundary loan applications, the People's Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA) agreed to formulate an overall framework on cross-boundary credit referencing, enabling banks in the two places to access the credit data of relevant corporate customers across the border after obtaining their consent. The PBoC and the HKMA have established a co-operation arrangement on the pilot project which will first take place between Shenzhen and Hong Kong. The HKMA's Commercial Data Interchange (CDI) enables local corporate customers to share with banks company information, including cross-border business data such as e-payment records and import and export declaration information, thereby streamlining loan application and approval procedures. At present, some SMEs in the market with cross-border e-commerce businesses have successfully applied for loans from local banks via the CDI. The HKMA will actively explore new business use cases and introduce various improvement measures to further promote the wider application of the CDI.

The Government is also committed to driving the Open Data Policy and promoting various government departments, public and private organisations to actively open up their data. At present, over 5 300 datasets encompassing various areas have been opened up on the open data website (data.gov.hk), providing more resources for the application of innovation and technology, including e-commerce, and driving the development of smart city and digital economy. In addition, the ITIB and the Cyberspace Administration of China entered into the Memorandum of Understanding on Facilitating Cross-boundary Data Flow Within the Guangdong-Hong Kong-Macao Greater Bay Area (MoU) in

2023, which provides a clear framework for facilitating the secure and orderly data flow from the Mainland to Hong Kong under the national framework on the safe management of cross-border data flow. Subsequently, under the framework set out in the MoU, the two sides jointly announced in December 2023 the facilitation measure of "Standard Contract for the Cross-boundary Flow of Personal Information Within the Guangdong-Hong Kong-Macao Greater Bay Area (Mainland, Hong Kong)", to streamline the compliance arrangements for personal information flow from the Mainland to Hong Kong and facilitate the provision of cross-border services in the region, in particular for the banking, credit referencing and healthcare sectors which have a strong demand for cross-border services, with a view to helping Hong Kong better integrate into the development of digital economy in the Guangdong-Hong Kong-Macao Greater Bay Area.

The Hong Kong Export Credit Insurance Corporation (HKECIC) provides export credit insurance services to Hong Kong exporters for the latter's trade with overseas buyers on credit terms, against non-payment risks arising from commercial or political events. In recent years, the HKECIC's insured business on cross-border e-commerce has risen steadily with the rapid growth of the e-commerce market. The HKECIC will continue to dedicate its efforts to providing protection for exporters, such that relevant enterprises may confidently trade with e-commerce buyers.